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FM AMEMBASSY LA PAZ  
TO RUEHC/SECSTATE WASHDC 2120  
INFO RUEHAC/AMEMBASSY ASUNCION 6469  
RUEHBO/AMEMBASSY BOGOTA 3792  
RUEHBR/AMEMBASSY BRASILIA 7670  
RUEHB/AMEMBASSY BUENOS AIRES 4919  
RUEHCV/AMEMBASSY CARACAS 2161  
RUEHPE/AMEMBASSY LIMA 2249  
RUEHMD/AMEMBASSY MADRID 3272  
RUEHMN/AMEMBASSY MONTEVIDEO 4355  
RUEHQT/AMEMBASSY QUITO 4801  
RUEHSG/AMEMBASSY SANTIAGO 9393  
RUEHUB/USINT HAVANA 0096  
RHMFIU/HQ USSOUTHCOM MIAMI FL  
RUMIAAA/USCINCSO MIAMI FL  
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEHC/DEPT OF LABOR WASHINGTON DC  
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 000138

SIPDIS

SENSITIVE  
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STATE FOR WHA/AND LPETRONI  
COMMERCE FOR JANGLIN  
TREASURY FOR SGOOCH

E.O. 12958: N/A

TAGS: [ETRD](#) [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)

SUBJECT: EXPORTERS WORRY ABOUT DETERIORATING BUSINESS CLIMATE

REF: LA PAZ 103 AND PREVIOUS

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SUMMARY  
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**¶1.** (SBU) Leading exporters have expressed concern about Bolivia's increasingly unfavorable image and deteriorating business climate. The GOB's left-leaning rhetoric, they say, threatens to turn Bolivia into an international pariah; combined with general political instability and growing GOB attacks on business, it not only makes current clients uneasy, but also spooks potential investors.

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EXPORTERS WORRY ABOUT IMAGE, BUSINESS CLIMATE  
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**¶2.** (SBU) Leading exporters have expressed concern about Bolivia's increasingly unfavorable image and deteriorating business climate. In January 16 and 18 conversations with Econoff, major wood and jewelry exporters criticized the GOB's left-leaning rhetoric and much-publicized talk of "nationalization," saying they believed GOB officials' comments threatened to turn Bolivia into an international pariah. Many U.S.-based clients have reportedly begun to question long-standing relationships with Bolivian companies, and others have begun to doubt Bolivian firms' reliability, particularly given the country's general political instability and occasional eruptions of political violence.

**¶3.** (SBU) Bolivia's leading apparel exporter, Marcos Iberkleid, echoed his counterparts' comments, telling the Ambassador January 18 that the GOB's rhetoric often provokes panic among foreign clients; together with events like those in Cochabamba (reftels) and growing GOB attacks on business,

it not only makes current clients uneasy, but also spooks potential investors. Iberkleid noted that orders from U.S.-based clients had dropped significantly: he expects to produce only 700,000 articles of apparel in February (down from a monthly average of approximately 1 million articles last year) and only 550,000 units in April. The businessman noted that attacks on private enterprise had increased -- the GOB recently passed a decree requiring all employees to sign labor agreements, rather than allowing firms to negotiate with workers' elected representatives -- and suggested that the GOB would gradually step up efforts to weaken the private sector, with Santa Cruz (an opposition stronghold) its principal target.

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COMMENT  
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¶4. (SBU) Bolivia's international image as an unstable country leaning ever leftward (under the growing influence of Venezuela's Hugo Chavez) appears to be undermining outsiders' confidence and damaging exporters' business. While this unfortunate outcome may have emerged only slowly, it seems increasingly evident that Bolivia can no longer avoid the consequences of an administration stubbornly pursuing an outdated ideological agenda.

GOLDBERG